



Global Commitment Register

March 21, 2017

GCR 16-072
PROPOSED

Pharmacy Reimbursement

Policy Summary:

The Agency of Human Services (AHS) is filing Vermont Medicaid State Plan Amendment (SPA) #17-0005 to adopt fee-for-service pharmacy payment policies designed to pay pharmacies for the actual acquisition cost (AAC) of drugs plus a reasonable professional dispensing fee, based on the actual cost to the pharmacy of dispensing drugs to Medicaid members.

The Department of Vermont Health Access (DVHA) conducted a dispensing fee survey of Medicaid-enrolled pharmacies to analyze the cost of dispensing prescription medications to Vermont Medicaid members. Based on this survey, the new Medicaid professional dispensing fee for retail community pharmacies; institutional or long-term care pharmacies; and non-FQHC 340B pharmacies will be \$11.13. FQHC pharmacies will remain at a dispensing fee of \$15. The professional dispensing fee for specialty pharmacies when dispensing specialty drugs will be \$17.03.

DVHA also performed extensive analysis to determine the ingredient cost benchmarks needed to more accurately reflect actual pharmacy acquisition cost for ingredient-cost reimbursement. DVHA's "lower-of" pricing methodology will now include the benchmark of National Average Drug Acquisition Cost (NADAC). Payment of covered outpatient drugs, including over-the-counter drugs, dispensed by an enrolled pharmacy, will include the reimbursement for NADAC (which represents the Actual Acquisition Cost of the drug) plus a professional dispensing fee (PDF).

AAC is defined as the lower of:

- a. The National Drug Average Acquisition Cost (NADAC) + PDF;
- b. The Wholesale Acquisition Cost (WAC) + 0% + PDF;
- c. The State Maximum Allowable Cost (SMAC) + PDF;
- d. The Federal Upper Limit (FUL) + PDF;
- e. AWP - 17% + PDF;
- f. Submitted Ingredient Cost + submitted dispensing fee;
- g. The provider's Usual and Customary (U&C) charges; or
- h. The Gross Amount Due (GAD)

On average, brand drug reimbursement will decrease, while generic drug reimbursement will rise, creating an overall one-half of one percent (0.5%) reduction in reimbursement to all pharmacies.

Effective Date:

April 1, 2017

Authority/Legal Basis:

[CMS Covered Outpatient Drug final rule](#), issued January 21, 2016 (81 FR 5170).
42 CFR 430.12(c)(1)(ii) under the [Medicaid State Plan](#).

Population Affected:

All Medicaid

Fiscal Impact:

	Current State Fiscal Year	Next State Fiscal Year
State	(\$113,719)	(\$455,625)
Federal	(\$135,993)	(\$543,225)
Total	(\$249,713)	(\$998,850)

Public Comment Period:

Open through March 31, 2017

Send comments to:

AHS Medicaid Policy Unit
280 State Drive, Center Building
Waterbury, VT 05671-1000

Or submit via e-mail to AHS.MedicaidPolicy@vermont.gov.

There is no public meeting scheduled at this time. If one should be scheduled, that information can be found at: <http://dvha.vermont.gov/> either through the calendar or listed under upcoming events.

Additional Information:

The draft SPA provides additional details on the proposed changes; copies of the draft SPA can be requested from local Department for Children and Families (DCF) offices or from DVHA at (802) 355-8843, or can be found on the DVHA website: <http://dvha.vermont.gov/global-commitment-to-health/global-commitment-register-proposed-policy-changes>.

[March 13, 2017 letter sent to pharmacies.](#)

[CMS Covered Outpatient Drug Fact Sheet.](#)